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FM AMEMBASSY ULAANBAATAR
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RUEHC/DEPT OF LABOR WASHINGTON DC
INFO RUEHBJ/AMEMBASSY BEIJING 6195
RUEHUL/AMEMBASSY SEOUL 3393
RUEHKO/AMEMBASSY TOKYO 3067
RUEHMO/AMEMBASSY MOSCOW 2284
RUEHDBU/AMEMBASSY DUSHANBE
RUEHAH/AMEMBASSY ASHGABAT 0083
RUEHNT/AMEMBASSY TASHKENT 0087
RUEHTA/AMEMBASSY ASTANA 0050
RUEHEK/AMEMBASSY BISHKEK 0125
RHEHAAA/NSC WASHINGTON DC
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC

UNCLAS SECTION 01 OF 02 ULAANBAATAR 000263

SIPDIS

State for EAP/CM - D. Citron, DOL/ILAB for Rachel Rigby, DRL/ILCSR
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E.O. 12958: N/A

TAGS: [ELAB](#) [PHUM](#) [EIND](#) [ETRD](#) [SOCI](#) [MG](#)

SUBJECT: NO EVIDENCE OF WIDESPREAD FORCED LABOR OR CHILD LABOR IN
PRODUCTION OF GOODS IN MONGOLIA

REF: STATE 043120

¶1. SUMMARY: There is no evidence of significant or widespread forced labor or child labor in the production of goods in Mongolia, although anecdotal evidence suggests the practice may exist to a limited extent within artisanal mining communities. Out of economic necessity, children and adults of families sometimes engage in artisanal mining, but a UNICEF Mongolia rep feels it would be difficult to describe this type labor as "forced." Parents sometimes send small children into narrow shafts or trenches to dig for gold or coal, and face potential injury or death if the poorly-dug tunnel collapses. The United States imported nearly US\$44 million worth of gold from Mongolia in 2007, but all of it is believed to have come from major mining companies whose employment practices are not in question. Isolated incidents of forced child labor have also been uncovered by authorities in the informal sector, such as at family-run canteens, hotels and local markets.
END SUMMARY.

¶2. There is no evidence of significant or widespread forced labor or child labor in the production of goods in Mongolia, although anecdotal evidence suggests the practice may exist to a limited extent within artisanal mining communities.

MANUFACTURING

¶3. Mongolia's economy is primarily agriculture-based. The country's underdeveloped but growing manufacturing sector consists mostly of small- to medium-sized textile and garment factories, many of which produce cashmere garments, along with some small food-processing companies. Before the 2005 expiration of the Multi-Fiber Agreement (MFA), a handful of cases involving the forced labor of women, mostly in foreign-owned textile factories, were uncovered. The incidents were isolated, and reports of wider prevalence could not be found. Since the end of the MFA, Mongolia's textile industry has suffered a dramatic decline. Mongolia went from a high of 100 garment factories in 2002 to just twelve in 2007. In this same period, the number of people employed in this sector dropped from 30,000 to 4,500. No evidence of forced labor in the textile sector has surfaced in the past three years.

ARTISANAL MINING: THE FAMILY BUSINESS

¶4. Local reps from the ILO and UNICEF both say there is anecdotal evidence of forced labor and child labor within artisanal mining communities throughout Mongolia. Artisanal miners, known locally as "ninjas," mostly come from poor herder families that took up gold or coal mining earlier this decade, after disastrous winters killed off millions of livestock. Others continue to herd, but pan for gold to supplement their income. Evidence suggests that both children and adults are sometimes pressured by family members to participate in mining activities, although in the vast majority of cases, all family members engage in artisanal mining out of economic necessity. The local UNICEF rep opined that it is hard to call this type labor "forced," because children are usually considered part of a family's "mining business," and the financial gain from their work is used to pay for basic necessities and school tuitions.

HEALTH AND SAFETY RISKS

¶5. The substantial amounts of mercury used by ninjas to separate gold from crushed rock pose several threats to health and safety. Miners rarely protect themselves when handling mercury and end up touching, ingesting, and inhaling the toxin. Exposures to very small amounts of mercury can result in devastating neurological damage and death. Mercury has been found to adversely affect the neurological development of children, infants and fetuses. Small children, who are sometimes sent into narrow shafts or trenches to dig for gold or coal, risk injury or death if the poorly-dug tunnel collapses.

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GOLD FOR EXPORT

¶6. Because of a high windfall profits tax on gold, many artisanal miners sell their product to middlemen who then smuggle it into China. Although the U.S. imported nearly US\$44 million worth of gold from Mongolia in 2007, all of it is believed to have come from reputable gold mining companies whose employment practices are not in question.

OTHER ISOLATED CASES

¶7. Isolated incidents of forced child labor have also been uncovered by authorities in the informal sector, such as at family run canteens or hotels and at local markets. Local NGOs say the Government of Mongolia has been responsive in dealing with cases of forced labor: laws exist banning forced or child labor, but a general lack of capacity often makes implementation and enforcement difficult.

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